



***United States Attorney
Southern District of New York***

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**CONTACT: U.S. ATTORNEY'S OFFICE
MARVIN SMILON, HERBERT HADAD,
MICHAEL KULSTAD
PUBLIC INFORMATION OFFICE
(212) 637-2600
(718) 422-1870**

**NYC SCHOOL SUBCONTRACTORS PLEAD
GUILTY TO FEDERAL TAX EVASION CHARGES**

JAMES B. COMEY, the United States Attorney for the Southern District of New York, announced today that VINCENT CELLA and TIMOTHY LYSNKEY, pled guilty in Manhattan federal court to tax evasion charges arising from their involvement in a scheme to pay cash wages to employees of various corporations that held contracts to install windows in New York City public schools and to evade federal taxes on those wages. CELLA pled on January 31, 2003 and LYSNKEY pled on February 5, 2003. Both men were scheduled to stand trial on February 10th, 2003.

According to the Indictment, CELLA is a former owner and operator of JRC Enterprises Limited ("JRC") and JTJ Construction ("JTJ"), which held contracts to install windows in public schools and school buildings throughout New York City. LYSNKEY is a former employee of these companies who assisted in managing construction sites. JRC and JTJ received approval from

the New York City School Construction Authority ("SCA"), the public agency responsible for the repair and construction of New York City public school buildings and property, to subcontract window installation work in New York City public schools.

As charged in the Indictment, from May 1998 through June 2000, JRC and JTJ subcontracted work on windows installation projects at public schools throughout the five boroughs. During that time, they consistently defrauded the United States government and the Internal Revenue Service ("IRS") by, among other things: (a) failing to deposit checks received by JRC and JTJ into corporate bank accounts; (b) cashing corporate checks at a check cashing establishment; (c) using the undeposited, unreported cash receipts for payment of workers' salaries off-the books; and (d) failing to provide wage earning statements ("Forms W-2") to workers and to file the W-2s with the IRS.

The Indictment charged CELLA, LYNSKEY, Robert Carnival Jr., who owned and operated JRC and JTJ along with CELLA, and Carnival Jr.'s son, Robert Carnival III, a high ranking employee at JRC and JTJ, with conspiring to impair the IRS's ability to compute and collect Federal Insurance Contributions Act ("FICA") taxes due on workers' wages, and to evade payment of those taxes.

United States District Judge HAROLD BAER, JR. scheduled sentencing for CELLA on June 26, 2003 and LYNSKEY on July 10, 2003. Each faces a maximum sentence of 5 years in prison on each

of the 3 counts and a \$250,000 fine or twice the gross gain or loss resulting from the offense on each count.

In addition, each has agreed to pay restitution in the amount of \$199,630, the amount of the tax loss to the IRS resulting from the scheme. On January 28, 2003, Carnival Jr. pled guilty to the same charges, as well as charges that he evaded his personal Income taxes for 1998 and 1999. On January 30, Carnival III pled guilty to the same charges as Carnival Jr.

According to court records, CELLA is 42 and lives in Neptune, Jersey, and LYNSKEY is 33 and lives in Staten Island, New York.

Mr. COMEY praised the outstanding investigative efforts of the Internal Revenue Service Criminal Investigation; the State of New York Office of the Attorney General Organized Crime Task Force; and the School Construction Authority Inspector General's Office.

Mr. COMEY said that the investigation is continuing.

Assistant United States Attorneys ROBIN A. LINSENMAYER and GLEN McGORTY are in charge of the prosecution

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